

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF THE APPLICATION OF PRIMA EXPLORATION, INC. FOR AN ORDER OF THE BOARD AMENDING ANY APPLICABLE ORDERS FOR THE SOUTH MEDICINE POLE HILLS FIELD TO POOL ALL INTERESTS IN A 1059.28-ACRE SPACING UNIT DESCRIBED AS ALL OF SECTION 21 AND ALL OF SECTION 28, TOWNSHIP 23 NORTH, RANGE 4 EAST, HARDING COUNTY, SOUTH DAKOTA; AND FOR OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

OIL AND GAS
CASE NO. 9-2013

ORDER

SECRETARY'S ORDER UNDER SDCL 45-9-74

A Petition and Application of Prima Exploration, Inc. ("Prima") to pool all interests in the 1059.28-acre spacing unit comprised of the above-referenced lands was submitted to the South Dakota Board of Minerals and Environment ("Board") on March 1, 2013. The Board prepared and published a Notice of Opportunity for Hearing. No petition requesting a hearing was received. Therefore, pursuant to SDCL 45-9-74 and SDCL 45-9-30 through 36 and based upon Prima's application and supporting documents, the Secretary makes and enters the following Order:

Prima is the owner of an interest in the oil and gas leasehold estate in portions of Sections 21 and 28, Township 23 North, Range 4 East, Harding County, South Dakota ("Sections 21 and 28"). Order No. 11-2012 established Sections 21 and 28 as an overlapping 1059.28-acre spacing unit in the South Medicine Pole Hills Field, and authorized the issuance of a permit for the drilling of a horizontal well within the spacing unit.

There are both separately owned tracts and separately owned interests in the spacing unit comprised of Sections 21 and 28. Voluntary pooling of Sections 21 and 28 has not been

accomplished.

Under the current case, Prima has requested that the Board pool all interests in the aforementioned spacing unit, and that Prima be designated as operator of the authorized horizontal well within said spacing unit.

In Prima's opinion, pooling Sections 21 and 28 will increase the ultimate recovery of the pool, prevent waste, prevent the drilling of unnecessary wells and protect correlative rights.

IT IS THEREFORE ORDERED

A. Pooling of all interests in the overlapping 1059.28-acre spacing unit comprised of Sections 21 and 28, Township 23 North, Range 4 East, Harding County, South Dakota, is hereby granted for the South Medicine Pole Hills Field. Prima is hereby designated the operator of the authorized horizontal well within said spacing unit.

B. All expenses incurred in drilling, equipping and operating a well on the spacing unit, and all production from such well, shall be allocated to the various tracts within the spacing unit on the basis of the ratio of the number of acres contained in each separately owned tract to the number of acres in the spacing unit.

C. Operations incident to the drilling of a well on any portion of the spacing unit shall be deemed for all purposes the conduct of such operation upon each separately owned tract in the spacing unit, and production allocated to each tract shall, when produced, be deemed for all purposes to have been produced from each tract by a well drilled thereon.

D. In the event of a dispute as to the costs of drilling, equipping, or operating the well, the South Dakota Board of Minerals and Environment shall determine the costs in accordance with SDCL 45-9-35.

E. That all portions of previous orders of the Board, if any, which are not specifically amended by this Order remain in full force and effect until further order of the Board or Secretary.

Dated and signed this 29th day of April 2013.

A handwritten signature in black ink, appearing to read 'S. Pirner', with a horizontal line extending to the right.

Steven M. Pirner
Secretary
Department of Environment and Natural Resources